

# ABM Resources NL Operational Update From The Old Pirate Gold Mine

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Perth, Australia (ABN Newswire) - [ABM Resources NL](#) (ASX:ABU) is pleased to announce an update on the operations of the Old Pirate Gold Mine (part of the Twin Bonanza Gold Project) and the associated infrastructure at the Coyote Processing Plant.

## Key Points

- Four pits being developed concurrently with production (as of the end of August) being:
  - \* ~39,000 tonnes mined at a mine call grade of 10.9g/t gold (including low-grade commissioning material).
- The Coyote Processing Plant is fully commissioned with:
  - \* 600 to 700 tonnes per day being processed on a 2 week on / 1 week off campaign basis;
  - \* Gravity and carbon in pulp (CIP) gold recovery circuits both operational; and
  - \* Excellent overall in-plant metallurgical recovery of ~99%.
- Gold Production (as of end of August):
  - \* 28,400 tonnes processed (including the low-grade commissioning material); and
  - \* *6,749 ounces recovered (poured and in carbon circuit pending stripping & pour).*
- Mine call factor indicates continued partial coarse gold lock-up in the plant.

## Coyote Processing Plant & Production

The Coyote Processing Plant is being utilised by ABM under a lease agreement with Tanami Gold NL (refer announcement 7/7/2014). The plant is now fully operational at between 600 and 700 tonnes per day processed on a 2 weeks on / 1 week off campaign basis. Gold is being extracted via both the gravity and the carbon in pulp (CIP) circuits.

Including low-grade commissioning material (refer announcement 16/7/2015) a total of 28,400 tonnes of Old Pirate material had been processed through the Coyote Processing Plant as at the end of August 2015. From this material 6,749 ounces of gold had been recovered with 5,234 ounces poured and 1,525 ounces in the CIP circuit pending stripping. About 1,700 ounces more gold has been poured so far in September, with processing on-going and further gold pours scheduled this month.

The overall in-plant metallurgical recoveries have been excellent with tails grades <0.05g/t gold, gravity recoveries >80% and excellent leach kinetics in the CIP circuit for a processing plant recovery of >99%.

## Mining at the Old Pirate Gold Mine

Four open pits are being developed concurrently including the Golden Hind, Old Pirate South, Old Pirate Central and the Western Limb Pits.

As of the end of August 2015, approximately 39,000 tonnes of mineralised material had been mined from all four pits with an unreconciled mine-call grade of 10.9g/t gold (including low-grade material used for commissioning). Whilst a full mine to mill reconciliation is yet to be completed, the mine-call tonnes and grade generally reconcile with the mining inventory model.

## Golden Hind Pit

As of the end of August survey, the Golden Hind pit floor was approximately 15 metres below the natural

land surface and 10.5 metres below the base of the trial mining pit. The mineralised system at Golden Hind is approximately 90 metres long and between 3 and 15 metres wide. Gold is hosted in quartz veins as well as ferruginous sheared sediments.

Overall the grade-control data and geometry of the mineralised system at Golden Hind is comparable to the mineral inventory. There is an element of complexity with gold hosted in both quartz veins and shear-zones in sediments. As well as steeply dipping structures, there is a shallowly dipping geological control that is not yet fully understood. Due to this complexity there has been a deliberate decision to take more tonnes (internally diluting some of the high-grade zones) to ensure that mineralised material is not inadvertently classified as waste. We expect to be able to reduce this dilution as the understanding of the structural complexity improves.

### **Western Limb Pit**

The Western Limb Pit has been mined to a depth of 5 metres below the trial pits (10 metres below natural land surface). Western Limb consists of a single high-grade gold-bearing quartz vein mapped over 300 metres of strike length. The vein width varies from 20 centimetres to more than 1 metre wide in places. Overall the grade-control data from the Western Limb Pit has indicated a wider mineralised structure than observed in the trial mining and this pit is performing well against the mineral inventory.

Mining has involved 'facing off' techniques where the hanging wall sediments are removed first exposing the quartz vein, which is then selectively mined. This technique has limited the dilution of quartz vein with surrounding sedimentary waste rock.

### **Old Pirate Central**

The Old Pirate Central Pit is at a depth of 3 metres below the trial mining pits or 7 metres below the natural land surface. The geology of the Old Pirate Central Pit consists of multiple closely spaced quartz veins that are steeply dipping and also been folded into shallowly plunging folds. The mining development at Old Pirate Central has been relatively slow compared to other pits as the Company has trialled different drill and blast and selective mining techniques of the closely spaced veins. As a result, mining at Old Pirate Central is at an early stage, but is so far comparable in geometry and grade to what was expected in the mineral inventory.

### **Old Pirate South Pit**

The Old Pirate South Pit is approximately 7.5 metres below the trial mining pits. Gold at Old Pirate South is hosted in a single quartz vein between 20 centimetres and over 1 metre wide in places folded into a southerly plunging anticline (an arch shaped geological structure). On the current mine level the main quartz vein has thinned compared to that observed in the trial mining pits and interpreted from the resource drilling. As a result ABM is reviewing the models in this pit and may modify the design. It is anticipated that if this pit is scaled back, other areas such as outperformance at the Western Limb Pit and a new trial mining pit at the Old Glory deposit will pick up the shortfall in tonnes.

### **Mine to Mill Reconciliation**

Based on gold recovered to hand and gold in the CIP circuit the recovered amount of gold from the 15,000 tonnes of material processed since the commissioning parcel was completed (refer release 16/7/2015) has averaged 9g/t gold of ore processed. This differs from the mine-claim total average grade of 10.9g/t gold. As a result of this reconciliation difference the Company initiated an independent review of grade-control practices and the processing plant operations. The review noted the coarse gold effect at Old Pirate but confirmed that the Company's grade-control practices are largely appropriate. The review of the processing plant by an independent metallurgical consultant has confirmed the excellent metallurgical recoveries and the ability of the plant to perform as required. A large component of this difference in grade reconciliation is considered to be a result of the significant lock-up of coarse gold particles in the various traps in the plant including behind liners in the ball mill, pump boxes, sumps and other areas of the plant. This lock-up is typical of high gravity gold content deposits and normally occurs in commissioning of plants. For the same reason why Old Pirate has excellent metallurgical properties, the very high proportion of coarse gravity gold particles, including flattened gold flakes, contained in the deposits at Old Pirate will exacerbate this lock-up situation. ABM also experienced considerable gold lock-up during the trial mining in 2013.

The quantity of lock-up is not easily estimated during operations, and can, to a large extent, only be accounted for when the plant is shut down and the mill liners and other gravity gold traps in the circuit can be

properly accessed and cleaned out to recover this coarse gold component. However, over time the amount of gold being locked up will plateau as the natural traps overflow into the normal material flow within the circuit. At this early stage of operations, principally due to the lock-up, the gold sold to date is less than planned. However, the locked-up gold will be recovered at an appropriate time.

### **Declaration of commercial production**

The definition of commercial production is generally the stage at which a mining company transitions from a developing phase (where expenses are largely capitalised) into a steady state operational phase where most, if not all, expenses are treated as conventional operating costs. With the gold lock-up issue noted above the directors have deemed that the project has not yet reached the point of that declaration. Notwithstanding, the mining and processing operations are performing well, and the Company expects gold output to continue to converge towards the mine call allowing the accounting treatment to transition to declaration of commercial production.

### **About the Old Pirate High-Grade Gold Deposit**

The Old Pirate High-Grade Gold Project, which is part of the wider Twin Bonanza Gold Camp, consists of a series of gold-bearing quartz veins with an overall strike-length of ~1.8 kilometres. Veins range from a few centimetres to zones greater than 6 metres in width with individual veins varying in grade and width along strike. Quartz veins are both parallel with stratigraphy, preferentially following shale horizons in an overall anticline structure, and also cross-cut stratigraphy following shear-zones and other structures.

Gold is characterised as both, fine and coarse, and along with the variable width, the project has a high statistical nugget effect whereby low-grade drill-hole intercepts can often be located within known high-grade structures which increases uncertainty in modelling. Multiple samples from the same location or re-assaying of duplicate samples can produce highly variable results. Hence drilling alone cannot generally provide statistical and geometric information required to define a long-term and detailed mine plan. As a result of the geological factors, the project is classified as high-risk and ABM applies a risk managed staged approach to development at Old Pirate whereby capital expenditure is deployed sequentially and each stage of development informs the next stage. The first stage was trial mining completed in early 2014. ABM is now developing the second stage with full scale open pit mining. These stages are based on mineral resource estimates (rather than reserves) with regular revisions to near-term mine planning modelling (refer releases 30/9/2014).

### **About ABM Resources NL:**

ABM Resources (ASX:ABU) is developing several gold discoveries in the Central Desert region of the Northern Territory of Australia. The Company has a multi-tiered approach to exploration and development with a combination of high-grade production scenarios such as the Old Pirate High-Grade Gold Project, large scale discoveries such as Buccaneer, and regional exploration discoveries such as the Hyperion Gold Project. In addition, ABM is committed to regional exploration programs throughout its extensive holdings including the alliance with [Independence Group NL](#) at the regional Lake Mackay Project.

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